

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON CORRECTIONS AND PUBLIC SAFETY

Call to Order: By **CHAIRMAN TIM CALLAHAN**, on January 18, 2005 at 8:00 A.M., in Room 317-A Capitol.

ROLL CALL

Members Present:

Rep. Tim Callahan, Chairman (D)
Sen. Trudi Schmidt, Vice Chairman (D)
Sen. Keith Bales (R)
Sen. Steven Gallus (D)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. John E. Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Brent Doig, OBPP
Harry Freebourn, Legislative Branch
Shannon Scow, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 2; Department of Corrections,
Secure Facilities and Montana
Correctional Enterprises
Executive Action: None

Secure Facilities - Contract Beds

Mike Mahoney, Warden of Montana State Prison, introduced the issue of contract beds. He stated that contract beds is a partnership between Montana State Prison (MSP) and private and regional prisons. The Department of Corrections (DOC) is currently looking to expand contract beds to assist overtaxed county jails. He distributed Exhibit 1, which will outline today's presentation.

EXHIBIT(jch13a01)

He then referred to the mission statement, which is on Exhibit 1, Page 2. He emphasized the goal of holding offenders accountable for their actions. He then outlined the \$48,898,752 budget, stating that MSP makes up 64% of the secure facilities budget, while contract beds are 36%. **Mr. Mahoney** then turned the presentation over to Patrick Smith.

{Tape: 1; Side: A; Approx. Time Counter: 5.8 - 19.8; Comments: Patrick Smith, Bureau Chief of Contract Beds}

Patrick Smith, Bureau Chief of Contract Beds, began his presentation with the contract bed overview on Exhibit 1, Page 4. He emphasized throughout his presentation that facilities are continually monitored and thorough staff training is available. All training is done by National Institute Corrections (NIC).

Montana has a higher contract bed rate than most other states, with 35-40% of the population in the Corrections Corporation of America (CCA) facility in Shelby or in regional prisons. His goal is to make MSP and contract beds come together into a cooperative system; therefore, facilities monitor one another to create cohesiveness. Yearly audits are done on CCA and MSP and every other year on regional prisons. From these audits an action plan is established, a deadline is given from the plan, and a follow-up visit is scheduled. The Prison Issue Task Force is brought together on a regional basis to review major decisions that affect facilities. He stated that most important to contract facilities is to build consistency.

{Tape: 1; Side: A; Approx. Time Counter: 22.3 - 29.5}{Tape: 1; Side: B; Approx. Time Counter: 0 - 5.4; Comments: Major Jeff Walters}

Major Jeff Walters, Administrator of Dawson County Regional Prison, gave an overview and brief history of Dawson County Prison. He stated that there are 144 contract beds at the

facility, at which there are minimum and medium security prisoners. He explained that they have medical and mental health professionals on staff, as well as personnel to lead a variety of other treatment programs. In addition to programming opportunities, 30% of the inmate population have paying jobs within the facility.

Two areas of concern noted by **Mr. Walters** are the number of obligations which his correctional officers must fill, and the lack of outside recreation for the prisoners. In addition, he noted that his facility took the brunt of the 2002 Session cuts with a lower per diem rate. He noted that the per diem rate is lower than the 1998 rate despite inflation. He was forced to lay off staff and as a result, programs were reduced. The per diem rate was raised for the current biennium, but again, inflation was not included. The contract beds rate has not increased.

The result of the per diem cuts is that the starting pay rate is currently \$1.25 less than at MSP. Dawson County facility will not be able to give the DOC an expansion option without a per diem rate increase because they have a hard time attracting and keeping staff under the current pay scale. With current security, they are able to house only low and minimum security inmates. If Dawson County is unable to get more money there will have to be program cutbacks similar to 2003.

Discussion:

{Tape: 1; Side: B; Approx. Time Counter: 5.5 - 15.3; Comments: Discussion}

SEN. BALES referred to a tour he had taken of the facility, noting that administrators planned on creating a fund for capital improvement to repair aging infrastructure. He asked about the status of this fund. **Mr. Smith** replied that the facility began a cash reserve but Dawson County will have to take from the reserve rather than add to it for this FY. If the per diem rates were consistent with the costs to run the facility, then contributions could be made to the repair fund.

SEN. SCHMIDT noted that there are contract beds, county inmates, and federal prisoners all housed in Dawson County facility. She also asked, "What other programs were cut besides the chemical dependency program?" **Mr. Smith** responded that the GED program was cut as well as the program technician for the mental health program. These cuts made one person responsible for the mental health of 144 inmates.

SEN. SCHMIDT asked what programs were reinstated. **Mr. Smith** said all programs were essentially reinstated except the program technician. If it were not for grant and community college assistance, the parenting and GED program would not be available.

SEN. SCHMIDT inquired about the correctional officer to inmate ratio. **Mr. Smith** estimated the ratio is three-to-one, including administration, the Registered Nurse, office staff, and correctional officers. The correctional officers have additional duties within the facility, while monitoring the inmates 25 to one.

SEN. BALES asked about the per diem rate for the recently established contract with the U.S. Marshall beds. **Mr. Smith** replied \$57 with additional dollars for transportation costs.

SEN. BALES informed the committee that this \$57 is in comparison with \$46.57 per diem for contract inmates.

SEN. SCHMIDT asked, "Is VisionNet used in your area?" She also inquired about transportation of prisoners. **Mr. Smith** responded that VisionNet is not in the Dawson facility, but it has arrived in the courts. As for transportation, TransCorp currently transports the prisoners mainly to and from Deer Lodge and Shelby.

{Tape: 1; Side: B; Approx. Time Counter: 15.3 - 20.1; Comments: Dan O'Fallon}

Dan O'Fallon, Cascade County Regional Prison in Great Falls, said his facility is in the same position as stated by Mr. Walters. They house 150 inmates for the state, with a total of 360 inmates. Various programs have been cut, including the GED and parenting programs. A limited chemical dependency program is offered. The staff fills many roles to make the facility run. He concluded by stating that money is the solution. He believes beds could be added if appropriate funds were available to staff the facility at the needed level.

Discussion:

SEN. SCHMIDT inquired if the GED and Chemical Dependency programs have been re-established at the facility. **Mr. O'Fallon** replied that there is no GED program and a limited Chemical Dependency program. A raised per diem rate would cause programs to be reinstated.

SEN. SCHMIDT asked if the facility had looked for volunteers to maintain programming. **Mr. O'Fallon** responded that volunteers already participate at the facility.

{Tape: 1; Side: B; Approx. Time Counter: 22.6 - 29.5}{Tape: 1; Side: B; Approx. Time Counter: 0 - 7.6; Comments: Warden Jim MacDonald}

Jim MacDonald, Warden of Crossroads Correctional Facility in Shelby, explained his experience with Corrections Corporation of America (CCA) who owns the Shelby facility. He characterized his relationship with the DOC as seamless.

He provided a brief history of CCA, beginning in September of 1999 when 512 beds were built to house multi-custody inmates. Although women prisoners have been housed at CCA, it is now a male prison facility. In March 2004, 52 beds were added. Currently there are 474 beds for Montana DOC prisoners and 88 U.S. Marshall beds.

Inmates are involved in the prison's work program, education programs, a carpentry class, and substance abuse programs to name a few. There are over 100 active volunteers to help with many treatment, education and recreational programs that are available.

CCA has had its share of budgetary cuts. A \$2.63 per diem loss in 2002 created a \$491,000 revenue loss. In addition, the conditional release program in 2003 caused a decrease in CCA prisoners and compacted financial concerns. As a result employees were laid off and housing units were shut down. However, there were also positive changes in 2003. HB 451 allowed CCA to bring in out-of-state inmates. Also, in 2003 the per diem rate was brought back to its original 2002 level.

Warden MacDonald requested that the committee consider a per diem increase to support overtaxed prisons and inflationary costs. A three percent yearly increase was built into the 1998 contract but this has not occurred since 2002.

Discussion:

{Tape: 1; Side: B; Approx. Time Counter: 7.6 - 27.5; Comments: Discussion with Warden MacDonald}

SEN. SCHMIDT asked if CCA was able to retain their programming through the cuts. **Warden MacDonald** replied that to maintain accreditation with the National Commission on Correctional Health

Care, programming had to be maintained. The only program cut completely, which has not been restored, is the sex offender program.

SEN. SCHMIDT commended Mr. MacDonald for maintaining programming during the budget cuts. She then inquired about the staff to inmate ratio. **Mr. MacDonald** replied that there is approximately one officer to 16 inmates or one officer to 23 inmates depending on the shift.

SEN. SCHMIDT asked if the programs are all paid workers or volunteer staff. **Mr. MacDonald** responded that all positions are paid workers except for religious services.

SEN. GALLUS asked if inmate work was utilized in building the 2004 expansion. **Mr. MacDonald** stated that a local contracting company out of Great Falls was hired for the addition.

SEN. SCHMIDT inquired about staffing levels. **Mr. MacDonald** replied they are contracted for 170 employees. Today, the facility is short one correctional officer, one substance abuse counselor and two Registered Nurses (RN's). One nursing position is currently filled with a traveling nurse.

SEN. SCHMIDT asked, "How much does it cost per hour for a traveling nurse?" **Mr. MacDonald** said the cost is approximately \$38 per hour with travel and housing not included.

SEN. SCHMIDT inquired if CCA has adequate staffing levels. **Mr. MacDonald** stated that CCA is near their staffing target because they enacted a pay increase to recruit new staff.

SEN. SCHMIDT inquired if there was an adequate labor market in the area for expansion. **Mr. MacDonald** replied that he is not 100% sure there is an adequate labor market. He is more assured with the prisoner bed increase in the past half year, but a higher salary range needs to be enacted yet again.

SEN. GALLUS asked, "About how many inmates utilize mental health programming at one time?" **Mr. MacDonald** estimated that 40 percent of the inmate population is on mental health medication and 30 to 40 percent are in mental health programming. **SEN. GALLUS** inquired if this was medication management or therapy. **Mr. MacDonald** said disorders are not treated blindly with medications, so a combination is used. A psychiatrist is contracted out for 80 hours a month at the Shelby facility.

SEN. SCHMIDT asked Warden MacDonald to go over the per diem and usage fee charged by CCA. **Mr. MacDonald** said the daily per diem of \$43.60 is for services, programming and operating costs. The \$9.14 per diem is unique to CCA; DOC pays this rent fee to CCA with the option to own the facility. This accrued rent may offset the purchase price at the end of 20 years when the state has the right to purchase.

SEN. GALLUS expressed confusion over a disparity in CCA construction costs. **Mr. MacDonald** clarified that the estimated construction cost was \$25 million but the actual construction costs were closer to \$30 million.

SEN. GALLUS stated that a potential purchase price will need to be determined because the purchase price will not be the same as the construction price. He then asked for an explanation of the financial picture, whether the building is mortgaged or not. **Mr. MacDonald** apologized to the committee because he is not aware of the financial details of the facility and asked the committee to defer such questions to a more reliable source at a later date.

SEN. SCHMIDT asked if Montana would be able to purchase the facility today. **Mr. MacDonald** believes the State could purchase CCA today because he knows other states have purchased similar facilities from the same sort of agreement.

SEN. GALLUS informed the committee that **SEN. SHOCKLEY** has followed the financial aspects of this issue closely and proposed the committee allow him to address the committee.

{Tape: 2; Side: A; Approx. Time Counter: 28.3 - 29.5}{Tape: 2; Side: B; Approx. Time Counter: 0 - 16; Comments: Senator Shockley}

Through a line of questioning by **SEN. GALLUS**, **SEN. SHOCKLEY** shared the following information with the committee.

SEN. SHOCKLEY, SD 45, informed the committee that the construction price of the Shelby facility, Crossroads Correctional Facility, was just shy of \$25 million, but this is not the purchase price of the facility. He had been told by the director of CCA that cash was used for building the facility. Upon further research, **SEN. SHOCKLEY** found that CCA had a \$650 million line of credit, which has since shrunk to \$100 million.

SEN. SHOCKLEY believes the Shelby facility could not be purchased today because there is no unilateral right to purchase the facility in the contract. The contract stipulates that the

facility could be purchased if the CCA is in default, or there is a riot or bankruptcy. In any of these cases, the facility can be purchased at the determined fair market value. The other contingency to buy, is if the legislature refuses to appropriate money for the lease. If this were to occur, there is potential for CCA to claim that the state was not in "good faith and fair dealing." He stated that CCA lawyers do not agree with this interpretation of the contract. They believe the contract is sound. He concluded by stating that it would be wise to get the opinion of a knowledgeable bankruptcy lawyer.

Discussion:

SEN. SCHMIDT inquired if the daily \$9.14 is for rent or for pre-purchase for the facility. **SEN. SHOCKLEY** said that if the state does not buy the facility, then the money will not be returned and can be used by CCA for whatever they desire.

SEN. BALES stated that perhaps CCA would be in violation of "good faith and fair dealing" if the intent of the contract gives a purchase agreement and this is not upheld. He asked, "Are there any papers that exist that give assurances that the state is first in line to purchase the facility?" **SEN. SHOCKLEY** replied that he has seen no papers assuring the state first purchase rights. He maintained that "good faith and fair dealing" is easy to litigate. If money is appropriated to purchase the facility, the contract should first be firmed up.

REP. WITT said that this committee is not the appropriate committee to deal with contract matters. He inquired about the venue of the next step and the goals of **SEN. SHOCKLEY**. **SEN. SHOCKLEY** is still deciding between the Appropriations Committee and Judiciary Committee as the appropriate venue. He wishes to begin with analyzing the contract.

He added that there needs to be a long-term plan, especially with plans for expansion. The prison cannot be filled to capacity; at capacity, movement of prisoners is not an option. There are currently 30 beds at CCA and the prison system is growing. The federal prisoners are in danger of being moved out of the facility. The time for planning is growing near.

SEN. SCHMIDT informed the committee that to date the state has put \$7.1 million towards purchase price into the facility.

Bill Slaughter, Director of the Department of Corrections, commented that **SEN. SHOCKLEY** and **SEN. GALLUS** are on the Corrections Advisory Board so they see the problems Corrections

is facing. He stated that questions do need to be raised concerning our security in this contract.

{Tape: 2; Side: B; Approx. Time Counter: 19.5 - 23; Comments: Val Wilson}

Val Wilson, DOC Staff Attorney, is working to answer the CCA mortgage issue, which is not under the original 1998 contract. She proclaimed that the department's option to purchase the facility is secure under the contract and mortgage agreement, in any of the cases set forth by SEN. SHOCKLEY. The accumulation of the \$9.14 per diem will be subtracted from the purchase price at that time. If the state decides not to purchase the facility, the accumulated fund is considered rent.

SEN. SCHMIDT asked if interest collects on the accumulated \$7.1 million. **Ms. Wilson** replied that no interest is accrued on the per diem. The amount is on the books in a separate account.

SEN. GALLUS asked, "In your expert opinion as an attorney, is the DOC's and state's contract and right to purchase from CCA secure for the taxpayers of the state?" **Ms. Smith** stated that although she has not looked at the full contract, she believes the state to be secure in the option to purchase.

SEN. BALES inquired about how the contract stipulates the price is to be set if the state decides to purchase the facility. **Ms. Smith** replied that there is a provision in the contract which states that appraisers will be hired by the DOC and CCA; if their appraisals don't match, a third appraisal will be done. If the DOC and CCA cannot agree still, they will participate in litigation.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 14.5; Comments: Discussion with Joe Williams}

CHAIRMAN CALLAHAN asked, "Is there any point where it is not feasible for the state to purchase the facility due to diminishing returns?" **Joe Williams, Department of Corrections**, explained to the committee the investment interests of both the DOC and CCA. He stated that CCA already has \$25 million invested. The DOC pays about \$1.5 million a year in rent. The DOC has the right to purchase at year 20. If the DOC sticks through the contract through year 22 or 23, CCA gets the money that has been paid by the state.

Mr. Williams added that the fair market value of the facility will probably have dropped, which means the investor (CCA) will

most likely lose money if the state exercises their right to purchase. The state pays rent to CCA because if the DOC does not exercise their right to purchase, the investor gets nothing from the deal. An additional issue is that if the state buys the building in 20 years they will own a depreciated building in need of renovation.

Mr. Williams added that times have changed. When the contract was agreed upon in 1998 they believed the state should not own any more facilities. The right to purchase was added because the state did not know how the private industry worked, and wanted some control if something were to happen.

CHAIRMAN CALLAHAN stated that at some point the fair market value will be less than the cost of the building. **Mr. Williams** replied that the land continues to hold value, but the property does depreciate. **CHAIRMAN CALLAHAN** asked for recent information on fair market value of similar sites, which will be provided by Mr. Williams.

SEN. GALLUS stated, "For example, suppose over the course of 20 years the DOC will pay regional or private prisons \$50 million." He asked, "Isn't there profitability in this figure?" **Mr. Williams** estimated that CCA originally hoped for a rate of return of 8%. However, due to the mortgage, the current rate of return is approximately 4%.

SEN. GALLUS said that overall this situation sounds more like a real estate deal than a fee for service deal. **Mr. Williams** replied that it is a combination of both.

SEN. GALLUS clarified that he has worked with prisons for many years and has followed the private prison issue, which is why he has shown so much interest in today's line of questioning.

SEN. SCHMIDT asked about CCA's credit rating, in regards to the possibility of bankruptcy. **Mr. Williams** responded, "B, B minus."

SEN. SCHMIDT inquired if there was a possibility that the federal government would want the facility, thereby pushing up the fair market value. **Mr. Williams** gave the definition of fair market value as stated in the contract, which stipulates that the land would continue to be used as a prison. He stated that perhaps the federal government would want the facility, but he does not know if they have the ability to contract with a private prison corporation in the State of Montana.

SEN. GALLUS asked **SEN. SHOCKLEY** if he agreed with Mr. William's assessment of how fair market value is established. **SEN.**

SHOCKLEY stated that he trusts Mr. Williams, but knows real estate. There are three ways to determine fair market value of property: replacement cost, comparable facilities and the cash flow return on investments. He does not believe the building will have depreciated in 20 years because it has been well-maintained and the cost of steel, cement and other construction materials have already risen.

Regional Prison Contract Beds

{Tape: 3; Side: A; Approx. Time Counter: 19.5 - 29.5; Comments: Return to Regional Prison Contract Beds}

Mr. Mahoney summarized the regional prison dilemma by reminding the committee that there was a \$2.63 per diem cut in 2002. As a result, programs were cut. The DOC was able to recapture the funds to the previous 2002 level, but was not able to reinstate all of the programs. The result of the shortage in programming is that the length of an inmate's stay increased.

SEN. BALES inquired about how much money the state has put into regional prisons. **Mr. Williams** replied that \$4.5 million apiece was used in the construction of Cascade and Dawson County facilities. There was \$5.5 million in federal funds used towards the Missoula facility.

SEN. BALES asked how the general revenue bonds are being repaid. **Mr. Williams** responded that there is a 20 year repayment plan; however, some of these have been refinanced. **SEN. BALES** inquired if it is general fund money that is being used to pay back these bonds. **Mr. Williams** replied that the general fund is used. He distributed Exhibit 2, which a copy of the mortgage for CCA.

EXHIBIT(jch13a02)

CHAIRMAN CALLAHAN stated that there is a problem with per diem rates as presented by facility administrators, but there is nothing in the budget presentation. He asked, "Why is this?" **Warden Mahoney** said that decisions were made and priorities established when the DOC created their budget proposal. **Director Slaughter** added that the department did not raise the per diem but added more prisoners to the facility to add to their total amount collected. Those prisons that are at capacity and can't expand are helped in other ways. He stated that the department

is addressing the ways in which programming can be reestablished that was lost during the regional per diem cuts.

CHAIRMAN CALLAHAN asked, "Has an analysis been done on the length of an inmate's stay relating to programming available?" **Director Slaughter** replied that the results of the above study was that the length of stay, recidivism and behavioral problems all went up with reduced programming.

CHAIRMAN CALLAHAN expressed concern that the security levels at the facilities are not sufficient, and inquired if the DOC believes any drastic measures need to be taken. **Director Slaughter** responded that drastic changes do not yet need to be taken for regional prisons because community options have been created. For example, the Missoula Assessment and Sanction Center (MASC) diverts people before they get to prison. He emphasized that the goal of the DOC is to move more people into Community Corrections from the prison system.

CHAIRMAN CALLAHAN inquired if levels are safe in prisons or if this issue needs to be addressed. **Director Slaughter** replied that with a 5% yearly inmate increase, staff and facilities will be overtaxed. He noted that the ability to sentence prisoners to a certain area, whether it be probation, the DOC, prison, etc., is a reason that the state has not already been overtaxed.

Mr. Freebourn pointed to Page D-73 of the Legislative Budget Analysis, which shows the capacity design and operational capacity of each facility.

Mr. Mahoney stated that the facilities cannot be filled to capacity as they have been, because it does not allow movement within the system to best provide for an inmate's needs.

Mr. Freebourn asked, "According to the these capacities listed, are the facilities already full or will they be?" **Director Slaughter** replied that the capacities will push past the DOC definition of what is safe. The current proposed plan is to use CCA as a release valve, whether it be in expansion or pushing out U.S. Marshall prisoners from the facility. Crossroads Correctional Facility was proposed because infrastructure already exists to support the expansion and there is an employment pool, although there are childcare and transportation issues.

Mr. Mahoney agreed that CCA is the best option for bed expansion considering the time frame needed for the expansion. He stated that the DOC needs ideas and a direction for a long-range building plan. He added that the DOC can gather data on other

expansion possibilities. **SEN. SCHMIDT** agreed that she would like to see an analysis done with other options provided.

Secure Custody Facilities Decision Packages

{Tape: 3; Side: B; Approx. Time Counter: 21.5 - 29.5}

Joe Williams referred to D-98 of the Legislative Budget Analysis for the explanation of Decision Package (DP) 16, Contract Bed Per Diem Rate Increase. He explained that to create a balanced budget, a rate increase cannot be provided.

Mr. Freebourn clarified that this DP is to pay for contracted beds at the respective facilities.

CHAIRMAN CALLAHAN stated that in addition to the rates shown at Shelby there is an additional \$9.14 per diem. **Mr. Williams** added that the \$9.14 per diem is based upon the current bed count, and if the facility were to expand, this per diem would be renegotiated.

CHAIRMAN CALLAHAN inquired if the rates at Cascade, Dawson or Missoula would be the same if they were expanded. **Mr. Williams** said that these facilities were paid for through general obligation bonds. If they were to expand, they would not go through a private lender so an additional per diem would not be administered.

REP. HAWK asked for clarification on the statement referring to the renegotiation of the CCA per diem. **Mr. Williams** replied that the cost would be renegotiated, but would be more cost effective because of the economy of scale. The contract would be strengthened and the option of purchase still included. He then distributed Exhibit 3, which shows alternatives to the Shelby expansion option.

EXHIBIT(jch13a03)

CHAIRMAN CALLAHAN added that the committee needs a vision of what the DOC needs to create adequate staffing and programming so everyone is safe and prisoners are being treated.

Mr. Freebourn informed the committee that they will return to contract beds to hear more information on expansion options. He then distributed and explained Exhibit 4, which shows what information to date has been requested of the DOC by the committee. He added that Exhibit 5, 6, 7 and 8 have been distributed in response to these requests.

*{Tape: 4; Side: A; Approx. Time Counter: 3.6 - 12.8; Comments:
Explanation of Exhibit 4 through 8}*

[EXHIBIT\(jch13a04\)](#)

[EXHIBIT\(jch13a05\)](#)

[EXHIBIT\(jch13a06\)](#)

[EXHIBIT\(jch13a07\)](#)

[EXHIBIT\(jch13a08\)](#)

Secure Custody Expansion Alternatives

*{Tape: 4; Side: A; Approx. Time Counter: 14 - 25.2; Comments:
Ross Swanson, Explanation of Expansion Alternatives}*

Ross Swanson, Deputy Warden at Montana State Prison, explained the alternatives given for expansion to the Montana Prison System. He began by stating the needs at MSP, which are mostly in high security and special needs beds. He noted that with expansion, the DOC and the committee must take into consideration infrastructure needed, FTE needed, and the time frame. The issue with the MSP expansion is that the infrastructure is at its full capacity and any expansion at MSP would require costly infrastructure additions. He then explained Exhibit 3 in detail to provide clarity to the committee on the options. He pointed to the preferred option combinations that are shown on the bottom of Exhibit 3.

Discussion:

*{Tape: 4; Side: A; Approx. Time Counter: 25.2 - 29.5}{Tape: 4;
Side: B; Approx. Time Counter: 0 - 16; Comments: Discussion on
Expansion Options}*

CHAIRMAN CALLAHAN referred to the dorm-style addition that was added to the Shelby facility. He asked, "Why was this rejected for other facilities?" **Mr. Swanson** replied that the dorm-style option is used for minimum security inmates. With the DOC emphasis on Community Corrections, the prison population will change. **Mr. Mahoney** added that if dorm-style beds are built, they should be in pre-release centers. High risk inmates need to be kept in mind when thinking of expansion.

SEN. BALES referred to Exhibit 3, Option 5, noting that this option is approximately a \$65 per diem. **Mr. Swanson** explained that high risk inmates are housed at a higher cost.

SEN. BALES inquired about which option gives the best security. **Mr. Swanson** noted that Shelby has the best security possibility for immediate beds. The beds could be constructed within a year. If time is not an issue, MSP expansion would give the best long term option.

Mr. Mahoney supported the combination of options four and five. He stated that these additions would give the DOC the flexibility to use beds for any inmate security population.

SEN. GALLUS asked, "Why is the Shelby expansion much faster than other options?" **Warden Mahoney** replied that there is more bureaucracy involved with other options in terms of design time. Shelby would be able to start the actual construction process faster.

SEN. GALLUS asked if there was any way to streamline this process so the building approval time would decrease. **Warden Mahoney** responded that ideally this would occur, but it is not probable. **Director Slaughter** explained that the CCA facility has infrastructure in place for 1,500 inmates.

SEN. GALLUS asked for demographic information on a 40-mile radius of MSP and Shelby to contrive more detail on why construction and employment issues are different. **Mr. Mahoney** said that the DOC will do the best they can to supply the data; however, the biggest difference in the expansion is state government versus private industry.

The committee discussed the calculations of average cost per day for the options listed in Exhibit 3. Through discussion, the committee decided upon a loose estimate as formulated through the below comments. **Mr. Freebourn** informed the committee that these numbers can be calculated by taking the last column and dividing it by the operational capacity, then dividing it by 365. **SEN. BALES** added that if the \$9.95 is taken out on Option 5, there is about a \$10 difference in the calculated per diem cost. **Mr. Williams** noted that the per diem calculations would be more complex because the cost is for construction, but also to fix existing shortages in staffing. Staff must be added to stay in compliance with Department of Justice standards.

CHAIRMAN CALLAHAN inquired if the regional prisons have been contacted to study expansion options. **Mr. Williams** said they have not been contacted, but the DOC will approach these facilities. **Mr. Mahoney** said that the Great Falls facility is the most likely option for regional prison expansion. There is also a possibility at the proposed Bozeman sight.

SEN. GALLUS expressed interest in expanding Community Corrections to provide cheaper, more effective beds.

CHAIRMAN CALLAHAN stated that the committee really does need to plan long term so it is not approached again saying there is no time for certain options.

Director Slaughter responded on the comment made earlier by **SEN. GALLUS**, noting that, to site a pre-release center, there must be community support and jobs available. He requested a presentation be made to the committee on the siting and building of new pre-release centers. **Mr. Mahoney** cautioned the committee that if Community Corrections is expanded, the prisons will be helped, but increased Community Corrections violations will occur.

SEN. GALLUS stated that expansion in many areas will be needed and not only Community Corrections in order to truly move to a long term plan.

ADJOURNMENT

Adjournment: 11:55 A.M.

REP. TIM CALLAHAN, Chairman

SHANNON SCOW, Secretary

TC/ss

Additional Exhibits:

EXHIBIT ([jch13aad0.TIF](#))